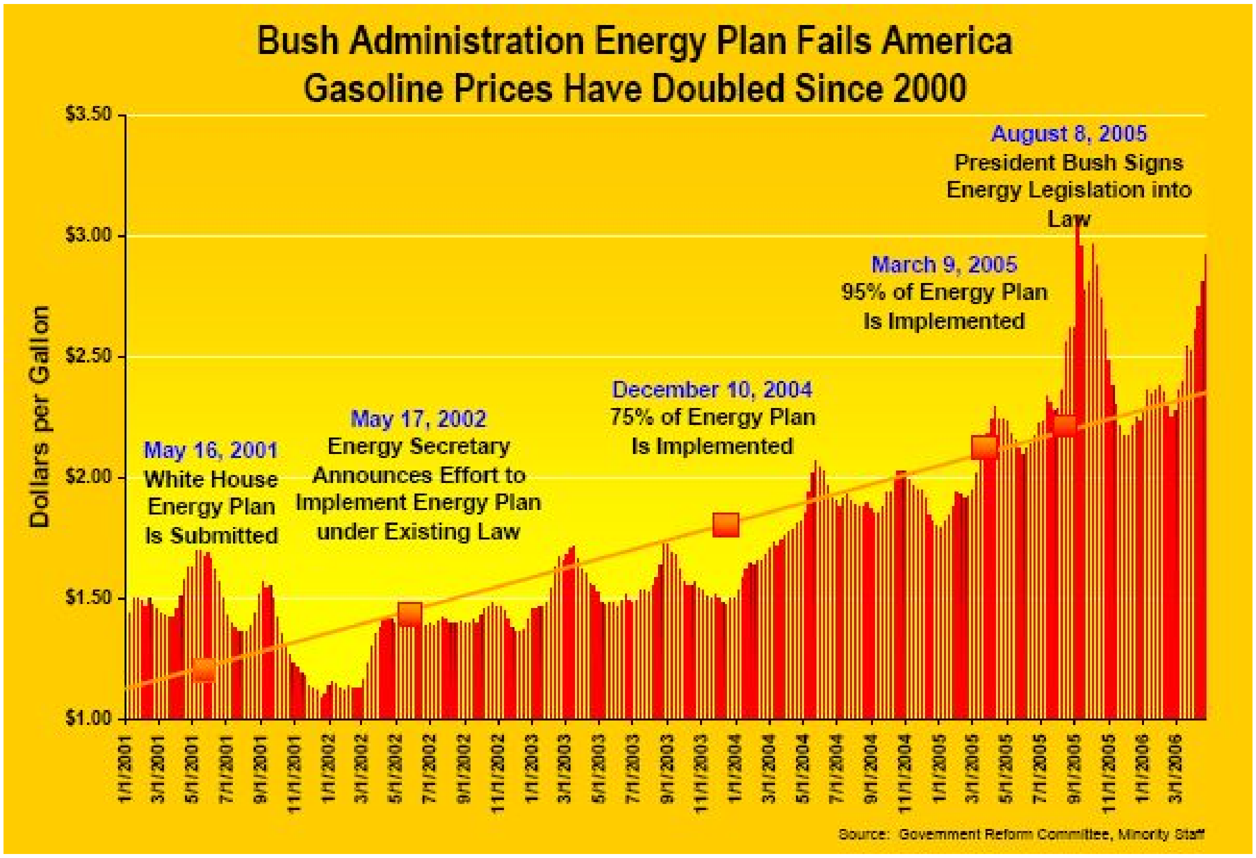
Energy & the Cost of Corruption:
Bush Failed Energy Policy Leads to Higher Gas Prices



- From day one, the Bush Administration has been filled with CEOs and top executives and lobbyists from the oil industry including key Cabinet and sub-Cabinet officials.
- The agenda of the Bush Administration – the first Administration headed by two men from the oil industry – was developed in 2001 by the secretive Cheney Energy Task Force, which met with industry lobbyists and big campaign contributors.
- That agenda, not surprisingly, has served the financial interests of the energy industry, not American consumers.
- Congressional Republicans have passed an energy law full of multi-billion dollar subsidies to Big Oil and Gas, which their own Department of Energy agreed would increase the price of gas.
- Washington Republicans are taking us in the wrong direction, pursuing policies that will help the few -- instead of working for all Americans.
- As a result of the Republicans' failed energy policies, Americans are paying twice as much for gasoline as they paid in 2001, while oil companies are making triple the profits of 2002.
- Republicans have ignored Democratic proposals to crack down on price gougers and to repeal the multi-billion dollar subsidies for the oil industry, sending the savings to provide relief to families for high energy costs.

Office of the House Democratic Leader Nancy Pelosi, May 2, 2006

Congressional Republicans have passed an energy law full of subsidies to Big Oil and Gas, which increases the price of gas.

The Bush-Cheney energy plan was enacted last summer and contained billions of dollars of subsidies for the energy sector at a time when oil companies were recording historic profits. Even before it was passed, the Department of Energy declared that the Republican energy plan would raise the average gas prices.

A number of episodes from the Congressional energy debate illuminate how the bill was really written.

- **DeLay's Hometown Drilling Research for Halliburton.** House Majority Leader Tom DeLay (R-Tex.) managed to insert at least $500 million in subsidies over a 10-year period -- with the option to triple the amount -- for research into deep-water oil and gas drilling, a grant that many lawmakers expect to go to a Texas Consortium "Research Partnership to Secure Energy in America" located in DeLay's home town of Sugar Land. (Washington Post, 7/30/05) This provision would benefit Halliburton, which has been accused of overcharging taxpayers on its contracts in Iraq, and Marathon Oil.

- **Poisoning the Water for Halliburton.** The new energy law includes an exemption for oil and gas companies from Safe Drinking Water Act requirements when they inject fluids -- including carcinogens -- into the earth at high pressure, a process known as hydraulic fracturing, which was first proposed by the Cheney Task Force. (Washington Post, 7/30/05) This provision to allow companies to put diesel fuel in drinking water will benefit scandal-plagued Halliburton and other oil and gas companies.

- **Ethics Admonishment for Pay-to-Play Politics by DeLay for Westar Energy Company.** A major ethics controversy occurred during consideration of the bill in 2002 regarding language inserted into the conference report involving a Kansas energy company called Westar. Two Westar executives launched a plan to insert a provision in the Energy Bill conference and distributed more than $50,000 in campaign contributions to a political action committee controlled by Majority Leader Tom DeLay (R-TX) and other Republican candidates. The Westar provision appeared in the conference report in 2002, with Majority Leader DeLay and Reps. Barton and Tauzin voting against stripping it from the bill. (Washington Post, 8/8/04, Washington Post 6/7/03) (This conference report died at the end of the 107th Congress.) The House Ethics Committee admonished then-Majority Leader Tom DeLay (R-TX) offering special access for campaign contributor, Westar Energy, in holding an energy company golf fundraiser on June 2-3, 2002 at the Homestead Resort, just as the energy conference in the 107th Congress was beginning to meet. (http://www.house.gov/ethics/DeLay_Cover.htm)

- **Royalty Relief totaling $7 billion.** Oil companies stand to gain a minimum of $7 billion and as much as $28 billion over the next five years under an obscure provision in last year's giant energy bill that allows companies to avoid paying royalties on oil and gas produced in the Gulf of Mexico.

And this pattern continues – Republicans hold open votes to twist arms on a special- interest Energy Bill.

And last fall, instead of dealing with the current skyrocketing fuel/gasoline prices that are squeezing American families, Republicans were using Hurricanes Katrina and Rita to pass controversial provisions that failed to make it into the recently-enacted energy law and that gut the Clean Air Act.

- The GOP bill had nothing to do with lowering gas or home heating prices, rejected tough penalties for price gouging by oil companies that Democrats proposed, and took care of the same special interests that are profiting from the high gas prices.

- On October 7, 2005 Republicans held open a five-minute vote on H.R. 3893, the Gasoline for America's Security Act, for over forty minutes to pass yet another energy bill that does nothing to lower gas prices, while benefiting special interests that are profiting from high gas prices. Republicans were unable to get a majority vote in favor of the bill until the very end. The final vote total was 212 to 210.

From Day One, The Bush Administration Has Been Filled With CEOs And Top Executives Of The Oil Industry

The Bush Administration filled key posts with executives and top officials from the oil and gas industry. As *Newsweek* commented, "[n]ot since the rise of the railroads more than a century ago has a single industry placed so many foot soldiers at the top of a new administration." (Newsweek, May 14, 2001)

- President Bush himself was involved in oil ventures in Texas and abroad in the 1980s. Bush ran Arbusto Energy, a firm which after a few years became the Bush Exploration Oil Co. (National Journal, 4/7/01)

- Vice President Cheney was the Former CEO of Halliburton, the world's largest oil field services company. In August, 2000, Cheney received $20.6 million for his sale of Halliburton stock. Since taking office in 2001, Vice President Cheney has received about $800,000 in deferred compensation from Halliburton, as well as a $1.4 million bonus in 2001. (Los Angeles Times, 10/14/04; New York Times, 4/16/05; New York Times, 4/15/06)

- Secretary of State Condoleeza Rice served on the board of directors for Chevron, a major U.S. oil company, for 10 years. In fact, Chevron even named an oil tanker in her honor!

- Don Evans, former Secretary of Commerce, spent 25 years at Tom Brown, Inc., a $1.2 billion Denver-based oil and gas company where he was chairman. As CEO, Evans was given a retirement package worth $5.3 million when he left to become Commerce Secretary. (*Gas Daily,* 2/26/01, *PR Newswire*, 2/22/01; *USA Today*, 1/22/01; www.crp.org)

- Spencer Abraham, former Secretary of Energy, received almost half a million dollars in contributions from the oil and energy industry during his 2000 campaign for the U.S. Senate in Michigan and Gale Norton, former Secretary of Interior, received nearly $28,570 from the oil and gas companies for her 1996 run for U.S. Senate, the second largest total from any industry. (www.crp.org; New York Times, 1/30/01)

Energy industry officials played a key role in the formation of the Bush Administration's Department of Energy.

- Out of the 48 members of the Bush Energy Department transition team, 31, or almost two-thirds, worked for the energy industry.

- The most prominent of which was Enron's Chief Executive Ken Lay. Enron was Bush's largest career patron, having given him at least $563,000 for his campaigns, including his 1978 House campaign, his two gubernatorial campaigns, and the 2000 presidential campaign. (Center for Responsive Politics, www.crp.org; Newsweek, 5/1/00; Boston Globe, 10/3/99; Atlanta Journal and Constitution, 4/27/00; Center for Public Integrity, The Buying of the President 2000; FEC records)

Some of those who have left the Bush Administration have returned to oil and gas companies. Philip Cooney, a senior White House aide with the Council on Environmental Quality, resigned following revelations that he had edited the government's reports on climate change to downplay the connection between greenhouse gas emissions and global warming. Cooney went to work for ExxonMobil, four days after resigning, and before coming to the White House, Cooney was a lobbyist for the American Petroleum Institute. ["Climate Change: White House Aide Who Resigned Over Editing Joins Exxon Mobil Corp." Greenwire, 6/15/05]

Bush Energy Plan Written By The Secretive Cheney Energy Task Force Read Like An Energy Industry "Wish List" and Left Consumers Behind

In 2001, the secret Cheney energy task force relied for outside advice primarily on "petroleum, coal, nuclear, natural gas, electricity industry representatives and lobbyists, "while seeking limited input from academic experts, environmentalists and policy groups." (Washington Post, 8/26/03)

The *New York Times* reported that "Of the top 25 energy industry donors to the Republican Party…, 18 corporations sent executives or representatives to meet with Mr. Cheney, the task force chairman, or members of the task force and its staff. The companies include the Enron Corporation, the Southern Company, the Exelon Corporation, BP, the TXU Corporation, FirstEnergy and Anadarko Petroleum." (New York Times, 3/1/02)

Recently disclosed documents show that in February, March, and April of 2001, executives from Exxon Mobil, Conoco, Shell, and BP met with Cheney's task force. Just a week before the documents came to light, chief executives of most of those companies denied, while testifying before Congress, that they had met with the Cheney task force. (Washington Post, 11/16/2005)

It is no wonder that "the task force recommendations read pretty much like a wish list of subsidies and giveaways for oil, gas, and coal producers who have made hefty campaign contributions to the Bush-Cheney Team." (Atlanta Journal-Constitution, 9/22/03)

The White House energy plan adopted all or significant portions of Enron's recommendations in seven of these eight areas covered in a memo given by former Enron Chairman Ken Lay to Vice President Cheney on April 17, 2001. According to the Government Reform Committee, 65 provisions of the White House energy plan benefited donors who met in secret with the White House energy task force: including opening up public lands to oil and gas drilling, providing royalty relief for offshore drilling on public lands, and relaxing Clean Air regulations.

Republicans have raked in millions from the oil and gas industry.

Since 1994, Republicans have raked in more than $120 million in campaign contributions from the oil and gas industry – with more than $70 million coming in for the 2000 cycle and thereafter. (Center for Responsive Politics)

$1,040,370	Oil and gas money accepted by Joe Barton, the author of the Energy Bill
$2,627,825	Oil and gas money accepted by George W. Bush during the 2004 election cycle alone
$365,238	Oil and gas money accepted by Dennis Hastert, Republican Speaker of the House
$681,890	Oil and gas money accepted by Tom DeLay, former Majority Leader of the House
$71,200	Oil and gas money accepted by John Boehner, Majority Leader of the House
$204,398	Oil and gas money accepted by Roy Blunt, Majority Whip of the House

Oil Companies Reap Record Profits